

**PRESS RELEASE**

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**SEMBCORP 1Q2017 NET PROFIT GROWS 11% TO S\$119.1 MILLION****1Q2017 Highlights**

- Group net profit at S\$119.1 million, up 11%
- Urban Development delivered a strong quarterly performance of S\$37.2 million net profit

**Singapore, May 3, 2017** – Sembcorp Industries (Sembcorp) delivered a credible performance in the first quarter of 2017 (1Q2017). Net profit grew 11% to S\$119.1 million compared to S\$107.0 million in 1Q2016, while turnover improved 13% to S\$2.1 billion from S\$1.9 billion.

In 1Q2017, the Utilities business contributed S\$55.3 million in net profit to the Group compared to S\$75.2 million in 1Q2016 due to weak India performance. In India, its second thermal power plant, SGPL, achieved commercial operations in February 2017. However, its performance was adversely affected by weak short-term power tariffs and start-up issues. Its first thermal power plant, TPCIL, which has 86% of its capacity contracted under long-term contracts, achieved good performance during the quarter.

In 1Q2017, the Urban Development business delivered a strong net profit of S\$37.2 million compared to S\$1.2 million in 1Q2016, mainly driven by land sales in China.

The Marine business contributed a net profit of S\$24.1 million compared to S\$33.5 million in 1Q2016. This was mainly due to lower contribution from rig building projects.

Return on equity (annualised) for the Group was 7.2% and earnings per share amounted to 6.1 cents. Cash and cash equivalents stood at S\$1.9 billion.

Neil McGregor, Group President & CEO of Sembcorp Industries, said, "Sembcorp delivered a reasonable set of first quarter results, underpinned by a good performance from our Urban Development business. This underscores how our diversified portfolio of businesses gives us some strength and resilience as a Group."

“As Sembcorp’s new Group President & CEO, I will be working closely with the board and management to stabilise and strengthen our position in our markets. Over the next few months, we will be undertaking a complete review of our businesses and strategic direction. As we position Sembcorp for the future, our focus will be on *performance, sustainability* and *value creation*. We face a challenging macro environment with rapidly changing market dynamics. This requires us to focus on cost discipline and strengthening operating performance. As we reshape Sembcorp, we will continue to build businesses that are durable and sustainable. I am confident that Sembcorp has a distinctive portfolio that will in time deliver long-term value growth for our shareholders.”

## **FY2017 Outlook**

### **Utilities**

The performance of Utilities’ China operations in 2017 is expected to be lower than 2016 due to the expiry of the Yangcheng cooperative joint venture agreement in 2016.

In India, Sembcorp has two thermal power plants and renewable energy assets totalling over 3,800MW. The second thermal power plant, SGPL, commenced commercial operations in February 2017 but has yet to secure long-term power purchase agreements. As the spot and short-term power tariffs remain weak, its performance is expected to be adversely affected.

In Singapore, the centralised utilities, gas and solid waste management businesses are expected to remain steady. However, the power business continues to face intense competition.

Operating performance in the other regions is expected to be stable.

The Utilities business remains focused on operational excellence and the consolidation of its market position.

## **Marine**

Global exploration and production spending is expected to increase in 2017, compared to the last two years. Enquiries for non-drilling solutions continue to be encouraging. Sembcorp Marine is cautiously optimistic of new orders for production facilities in the next few years.

Customer interest in Sembcorp Marine's broad-based LNG solutions and capabilities remains strong, as global demand for gas is on the rise. Sembcorp Marine is making steady progress in the development and commercialisation of its Gravifloat technology for near-shore gas infrastructure solutions. However, it will take time for such efforts to translate into orders.

Sembcorp Marine's strategy and focus remain anchored on strengthening and optimising its talent pool; pursuing operational excellence in executing its projects; investing in new capabilities, products and technological innovation to help grow its orderbook; and prudently managing its financial resources to preserve financial flexibility and ensure overall sustainability of its business.

## **Urban Development**

The Urban Development business is expected to deliver a better performance in 2017, underpinned by land sales in its urban developments in Vietnam, China and Indonesia.

## **Group**

The market environment is expected to remain challenging in 2017. With strong capabilities and resilient businesses, Sembcorp continues to position itself well for the future.

## **Summary of Sembcorp's 1Q2017 Financial Results**

- Turnover at S\$2.1 billion, up 13%
- Profit from Operations\* at S\$275.1 million, up 16%
- Net Profit at S\$119.1 million, up 11%
- EPS at 6.1 cents
- ROE (annualised) at 7.2%

*\*Profit from Operations = Earnings before Interest and Tax + Share of Associates and JVs' results (net of tax).*

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**ABOUT SEMBCORP INDUSTRIES**

Sembcorp Industries is a leading energy, water and marine group operating across five continents worldwide. With facilities of about 11,000 megawatts of gross power capacity and close to nine million cubic metres of water per day in operation and under development, Sembcorp is a trusted provider of essential energy and water solutions to both industrial and municipal customers. It is also a world leader in marine and offshore engineering as well as an established brand name in urban development.

The Group has total assets of over S\$22 billion and has around 8,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index and several MSCI and FTSE indices.